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Economic Affairs Qaysuni, leader of the government's economic team, reportedly submitted his resignation last month after other ministers blamed consumer restiveness on his programs. [redacted]

Sadat sought to answer his critics and demonstrate he is on top of these problems in his speech on 2 May. He announced he is ordering Prime Minister Salim to make changes in the Cabinet and promised wage increases. Salim's continued role, however, indicates the shakeup—to be announced next week—will be minor. The tone of Sadat's speech was defensive; he was generally restrained in dealing with domestic critics and sought no confrontations.

The dispute over economic policy occurs at a time when the International Monetary Fund, the World Bank, and Arab and other aid donors are focusing on the progress of the Egyptian Government's economic reforms. Most donors would like Qaysuni to stay on and continue to oversee programs aimed at:

- Stimulating the private sector of the economy.
- Rationalizing Egypt's price and exchange rate policies.
- Promoting profitable investments rather than showpiece projects.

These policies are opposed by more politically-minded ministers, who regard them as risky. They are also opposed by some within the bureaucracy who want to preserve the Nasirist system, which emphasized a state-controlled economy and subsidized prices for consumers.

Sadat's remarks on 2 May suggest he intends to continue to support the controversial economic reforms with or without his ailing minister. [redacted]

EGYPT

With his peace initiative stalled, Egyptian President Sadat has begun to focus more intently on the troubled domestic scene, where public dissatisfaction with his government and dissension within his own Cabinet have been growing in recent weeks. This week he ordered some Cabinet changes and promised other measures aimed at defusing criticism, but these steps seem unlikely to dispel the malaise that has settled over Egypt.

Frustration over the lack of progress toward a settlement with Israel—after hopes had been raised high last winter—doubtless underlies much of the current general disgruntlement. It is also fed by unhappiness over high prices and commodity shortages.

Egypt's leftists have strongly attacked the government in recent weeks for trying to reduce the state's role in the economy while rightists have hit hard on the issue of corruption. Within parliament, spokesmen of all political stripes have challenged ministers on consumer issues and on the wisdom of additional negotiations with Israel. Sadat's critics have become increasingly bold in their challenges as his vulnerabilities become apparent.

The issues seized upon by the opposition also have provoked quarrels within the Cabinet. Deputy Prime Minister for

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